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1996/1997 HMDA EDITS

QUICK REFERENCE TO UNDERSTANDING HMDA EDITS

HMDA edits are divided into three types of edits: Syntactical, Validity, and Quality. Each type represents the severity of the error and should be thoroughly understood in order to ensure that the data is accurate and reported in its entirety. The definitions of these edit types are as follows:

1. Syntactical(S)- Loan applications that have an error that prevents those applications from being uploaded to the FFIEC database. These errors range from incorrect activity dates to an invalid T2 record, which indicates that a loan application number was used more than once. These applications will not be recognized on the FFIEC database until the appropriate correction has been made.

S001-S006 are for agency use only.
2. Validity(V) - Loan applications that have incorrect information reported. The most common validity error is incorrect census tract/BNAs.
3. Quality(Q) - Loan applications that do not comply to the expected standard. These errors should be reviewed for correctness, and changed only if erroneous data has been reported.

Any of these edits that are not corrected will result in an erroneous disclosure statement. Loan applications with syntactical edits will not be represented on the disclosure at all; loan applications with validity and quality edits will be represented incorrectly.

An error-free HMDA Loan Application Register will result in an accurate disclosure statement.

EXPLANATION OF VALIDITY EDITS 285, 295, & 300

Regulation C (Home Mortgage Disclosure) has recently been amended to require financial institutions reporting NA in the MSA to either enter NA or to enter correct geographic information in the other three property location fields (state, county, census tract-BNA¹) of the HMDA-LAR for the property in question. Previously, geographic information was only verified when an MSA was identified on the HMDA-LAR.

Purpose : In order to comply with Regulation C validity edits 285 and 295 were added to the HMDA Edits. These edits are intended to verify the validity of the property location information when the MSA field is reported as NA or a numeric code.

Validity edit 300 was modified to verify the validity of the census tract/BNA for the state/county combination reported regardless of what is reported in the MSA field.

Further Explanation:

When MSA is NA or a valid FIPS code and the state(V285), state/county(V295), or state/county/census tract-BNA(V300) combinations are provided, there must be verification that these combinations are valid. Below are examples of these combinations, respectively:

NA/51/NA/NA -State
NA/51/059/NA -State/County
NA/51/059/4154.00* -State/County/Census Tract-BNA

*For the State/County/Census Tract-BNA combination, the Census Tract-BNA will always be verified. However, where the county is classified as small or untraced it is acceptable for a reporter to code census tracts or BNAs in small or untraced counties as NA on the HMDA-LAR form. If MSA is reported, then all fields must be coded.

Any combinations of the property location reported when the MSA is NA, other than those aforementioned, are incomplete; therefore, those combinations will not be valid.

In comprehending the logic of these validity edits, it may be useful to begin at the census tract-BNA. If the census tract-BNA is reported by a lender, then the county and state **MUST** also be reported; if a county is reported, then a state must also be reported; and a state may be reported by itself, with a county, or with a county and census tract.

If **CENSUS TRACT-BNA** is reported, then
|
COUNTY must be reported, then
|
STATE must be reported where
|
MSA = NA

In reverse order, if an MSA equals NA, then the acceptable combinations are state only, state/county, or state/county/census tract-BNA.

¹ Block Numbering Areas (BNAs) are small statistical subdivisions of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area's committees have not established census tracts. Counties that are delineated with BNAs are considered small or untraced counties and are not required to be reported. It is **acceptable** for a HMDA reporter to code census tracts or BNAs in small or untraced counties as "NA" on the HMDA-LAR form.

LOAN/APPLICATION REGISTER

Page ____ of ____

Form FR HMDA-LAR

Name of Reporting Institution

City, State, Zip

Reporter's Identification Number

Agency Code

Application or Loan Information						Action Taken		Property Location				Applicant Information A = Applicant CA = Co-Applicant					Type of Purchaser of Loan	Reasons for Denial (Optional)
Application or Loan Number	Date Application Received (mm/dd/yy)	Type	Purpose	Owner Occupancy	Loan amount in thousands	Type	Date (mm/dd/yy)	Four-Digit MSA Number	Two-Digit State Code	Three-Digit County Code	Six-Digit Census Tract	Race or National Origin		Sex		Gross Annual Income in thousands		
												A	CA	A	CA			
Example of Loan Originated L E B E - E 6 E 8 E 7 E 4 E 3 E 9 E E E E E E E E E E E E E E E E	01/15/93	2	1	1	00065	1	02/22/93	8840	51	059	4 E 2 E 1 E 9 E . E 8 E 5	3	8	1	4	0024	7	
Example of Application Denied 0 E 1 E 2 E 3 E 4 E 5 E 6 E 7 E 8 E 9 E - E 9 E 8 E 7 E 6 E 5 E 4 E 3 E 2 E 1 E 0 E	03/20/93	1	1	1	00125	3	04/30/93	0450	01	015	0 E 0 E 2 E 1 E . E 0 E 0	5	4	2	1	0055	0	4 1 5
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)	(R)	(S)

All columns (except Reasons for Denial) must be completed for each entry. See the HMDA-LAR instructions for explanations regarding the proper use of each code listed below.

Application or Loan Information Type: (C) 1 -- Conventional (any loan other than FHA, VA, or FmHA loans) 2 -- FHA-insured (Federal Housing Administration) 3 -- VA-guaranteed (Veterans Administration) 4 -- FmHA-insured (Farmers Home Administration)	Action Taken: (G) 1 -- Loan originated 2 -- Application approved but not accepted 3 -- Application denied by financial institution 4 -- Application withdrawn by applicant 5 -- File closed for incompleteness 6 -- Loan purchased by your institution	Type of Purchaser (R) 0 -- Loan was not originated or was not sold in calendar year covered by register 1 -- FNMA (Federal National Mortgage Association) 2 -- GNMA (Government National Mortgage Association) 3 -- FHLMC (Federal Home Loan Mortgage Corporation) 4 -- FmHA (Farmers Home Administration) 5 -- Commercial bank 6 -- Savings bank or savings association 7 -- Life insurance company 8 -- Affiliate institution 9 -- Other type of purchaser
Purpose: (D) 1 -- Home purchase (one-to-four family) 2 -- Home improvement (one-to-four family) 3 -- Refinancing (home purchase or home improvement, one-to-four family) 4 -- Multifamily dwelling (home purchase, home improvement, and refinancings)	Applicant Information Race or National Origin: (M) (N) 1 -- American Indian or Alaskan Native 2 -- Asian or Pacific Islander 3 -- Black 4 -- Hispanic 5 -- White 6 -- Other 7 -- Information not provided by applicant in mail or telephone application 8 -- Not applicable	Reasons for Denial (optional) (S) 1 -- Debt-to-income ratio 2 -- Employment history 3 -- Credit history 4 -- Collateral 5 -- Insufficient cash (downpayment, closing costs) 6 -- Unverifiable information 7 -- Credit application incomplete 8 -- Mortgage insurance denied 9 -- Other
Owner-Occupancy: (E) 1 -- Owner-occupied as a principal dwelling 2 -- Not owner occupied 3 -- Not applicable	Sex: (O) (P) 1 -- Male 2 -- Female 3 -- Information not provided by applicant in mail or telephone application 4 -- Not applicable	

SYNTACTICAL & VALIDITY EDITS FOR HOME MORTGAGE DISCLOSURE ACT - LOAN/APPLICATION REGISTER

<u>EDCK</u>	<u>Transaction Item(s)</u>	<u>Edit Test</u>	<u>Error Explanation</u>
<u>File Description: For Agency Use Only</u>			
S001	Series Identifier	Series identifier must = HMDA.	Series identifier does not equal HMDA
S002	File Status Indicator	File status indicator must be equal to P for production or T for test.	Invalid file Status: Not P(Production) or T(Test)
S003	Record Identifier	Record identifier must = 0.	Record identifier does not equal zero
S004	Source Identifier	Source identifier must = 1, 3, 4, 5, 6, 7, or 9.	Source identifier does not equal 1, 3-7, or 9
S005	Transmission Timestamp	Transmission timestamp must be numeric.	Transmission timestamp is missing or non-numeric
S006	Year of Data	Year of data must be numeric/CCYY format.	Year of data not numeric or in CCYY format
<u>Transmittal Sheet & Loan/Application Register (LAR)</u>			
S010	Record Identifier	Record identifier must = 1 (transmittal) or 2 (LAR).	Record identifier does not equal 1 (transmittal) or 2 (LAR)
S013	Timestamp	Timestamp must be later than timestamp on database	Record timestamp is earlier than, or equal to, timestamp on database
S020	Agency Code	Agency code must = 1, 2, 3, 4, 5, 7.	Agency code not in range 1-5, 7.

<u>EDCK</u>	<u>Transaction Item(s)</u>	<u>Edit Test</u>	<u>Error Explanation</u>
S025	Control Number	Control number must = a valid Respondent Identifier/Agency Code combination for date processed.	Invalid Respondent Identifier/Agency code combination
S028	Timestamp	Timestamp must be numeric	Timestamp is missing or nonnumeric
S030	Transaction Code	Transaction code must = 1, 2, 3, or 4.	Transaction code not in range 1-4
S035	Transaction code-T1 (Delete)	Transaction code must = 1 whenever data are being deleted.	Invalid transaction code (1); data not on file
S040	Transaction Code-T2 (Initial Transmission)	Transaction code must = 2 whenever initial data are being transmitted.	Invalid transaction code (2); data already on file
S045	Transaction Code-T3 (Correct/Revise)	Transaction code must = 3 whenever data are being corrected or revised.	Invalid transaction code (3);no data on file to revise
<u>Transmittal Sheet (only)</u>			
S100	Activity Year	Activity Year must = year being processed (= 1996 or 1997).	Invalid Activity Year
V105	Respondent Mailing Address	Respondent name, address, city, state, and zip must not be blank.	Respondent name, address, city, state or zip is missing
V110	Parent Mailing Address	If respondent is a mortgage banking subsidiary, then parent name, address, city, state and zip code must not be blank.	Parent name, address, city, state, or zip code is missing for mortgage banking subsidiary
V115	Contact Name	Name of contact person must not be blank.	Name for contact person is missing

<u>EDCK</u>	<u>Transaction Item(s)</u>	<u>Edit Test</u>	<u>Error Explanation</u>
V120	Contact Telephone Number	Contact person telephone number must not be blank	Telephone number for contact person is missing
V125	Tax Identification (ID) Number	Tax ID number must be in NN-NNNNNNN format and not = 00-0000000 and not = blank.	Tax ID number not in valid format/missing
V130	# of Loan Applications	The number of loan applications received in this transmission file per respondent does not equal the total number of loan applications reported in this respondent's transmission or the total number of loan application records in this transmission is missing for the transmittal sheet.	Loan applications received in this transmission are missing or not equal to the total number of loan applications reported in this transmission.
<u>Loan/Application Register (only)</u>			
V200	Record Identifier	If record identifier = 2, then record identifier "1" must be in this transmission file for the same respondent.	Transmittal sheet (record 1) missing for respondent identifier (record 2)
S205	Application/Loan Number (Column A)	Application/Loan number must not be blank.	Application/Loan number missing
V210	Date Application Received (Column B)	Date application received must be in MM/DD/YY format; year must be numeric, month and day must be in the range 01-12 and 01-31, respectively or equal NA.	Application Month, day and/or year not valid
V215	Date Application Received (Column B)	If Action taken type = 6, then date application received must = NA.	Action taken type equals 6 and application date does not equal NA
V220	Loan Type (Column C)	Loan type must = 1, 2, 3, or 4.	Loan type is missing or is not in range 1-4

<u>EDCK</u>	<u>Transaction Item(s)</u>	<u>Edit Test</u>	<u>Error Explanation</u>
V225	Loan Purpose (Column D)	Loan purpose must = 1, 2, 3, or 4.	Loan purpose is missing or is not in range 1-4
V230	Occupancy (Column E)	Occupancy must = 1, 2, or 3.	Occupancy is missing or does not equal 1, 2, or 3.
V250	Loan Amount (Column F)	Loan amount must be numeric and > zero.	Loan amount is not numeric or not > 0
V255	Action Taken - Type (Column G)	Action taken type must = 1, 2, 3, 4, 5, or 6.	Action taken type is missing or not in range 1-6
V260	Action Taken - Type (Column G)	If reasons for denial are in the range 1-9, then action taken type must = 3.	Reasons for denial are in range 1-9 and action taken type does not equal 3
V262	Action Taken - Type (Column G)	If date application received = NA, then action taken type must = 6.	Date application received = NA and action taken type does not equal 6.
V265	Action Taken - Date (Column H)	Action taken date must be in MM/DD/YY format; month and day must be in the range 01-12 and 01-31, respectively. YY must be numeric.	Month and/or Day and/or Year not valid
S270	Action Taken - Date (Column H)	Year (YY) of action taken date must = activity year (YY) for period being processed.	Year for action taken date does not match activity year
V275	Action Taken - Date (Column H)	If date application received does not = NA, then action taken date must be \geq date application received.	Action taken date is earlier than application date
V280	MSA Number (Column I)	MSA must = a valid MSA FIPS code for period being processed or NA.	MSA number is missing, does not equal NA or a valid FIPS code
V285	State Code (Column J)	State must equal a valid FIPS code or (NA where MSA = NA).	State does not equal a valid FIPS code or NA

<u>EDCK</u>	<u>Transaction Item(s)</u>	<u>Edit Test</u>	<u>Error Explanation</u>
V290	MSA/State/County Codes (Columns I, J, and K)	If MSA does not = NA; then MSA, state, and county codes must = a valid combination.	MSA, state, and county codes do not equal a valid combination
V295	State/County Codes (Columns J and K)	State and county must equal a valid combination or (county = NA where MSA = NA).	State/county does not equal a valid combination or county does not = NA
V300	Census Tract-BNA (Column L)	Census tract-BNA must = a valid census tract-BNA number for the MSA/state/county combination or (NA if county is classified as small or untraced and a valid census tract or BNA number has not been identified) or (where MSA = NA the census tract-BNA must = a valid census tract or BNA number for the state/county combination or NA).	Census tract-BNA is missing, does not equal NA, or does not equal a valid census tract or BNA number for the property location.
V310	Applicant Race (Column M)	Applicant race must = 1, 2, 3, 4, 5, 6, 7, or 8.	Applicant race is missing or is not in range 1-8
V315	Co-Applicant Race (Column N)	Co-applicant race must = 1, 2, 3, 4, 5, 6, 7, or 8.	Co-Applicant race is missing or is not in range 1-8
V320	Applicant Sex (Column O)	Applicant sex must = 1, 2, 3, or 4.	Applicant sex is missing or is not in range 1-4
V325	Co-Applicant Sex (Column P)	Co-applicant sex must = 1, 2, 3, or 4.	Co-Applicant sex is missing or is not in range 1-4
V330	Income (Column Q)	Income must be numeric and > 0, or equal NA.	Income is zero, missing, negative or, if non-numeric, does not equal NA
V335	Income (Column Q)	If loan purpose = 4, then income must = NA.	Loan purpose = 4 and income does not = NA

<u>EDCK</u>	<u>Transaction Item(s)</u>	<u>Edit Test</u>	<u>Error Explanation</u>
V340	Type of Purchaser (Column R)	Type of purchaser must = 0, 1, 2, 3, 4, 5, 6, 7, 8, or 9.	Type of purchaser is not in the 0-9 range
V347	Type of Purchaser (Column R)	If type of purchaser = 1, 2, 3, 4, 5, 6, 7, 8, or 9, then action taken type must be 1 or 6.	Type of purchaser in range 1-9 and action taken-type is not equal to 1 or 6
V355	Reasons for Denial (Column S)	Reasons for denial must = 1, 2, 3, 4, 5, 6, 7, 8, 9, or blank.	Reasons for denial are not blank or in range 1-9
V360	Reasons for Denial (Column S)	Responses for reasons for denial must not be the same (i.e. 1,1; 1,1,2; 1,2,2;.....).	Reasons for denial are the same
V375	Type of Purchaser (Column R)	If type of purchaser = 2, then loan type must = 2, 3, or 4.	Purchaser type = 2 and loan type does not equal 2, 3, or 4

QUALITY EDITS FOR HOME MORTGAGE DISCLOSURE ACT - LOAN/APPLICATION REGISTER

<u>EDCK</u>	<u>Transaction Item(s)</u>	<u>Edit Test</u>	<u>Error Explanation</u>
Q001	Loan Amount (Column F)	If loan amount and income are numeric and > 0 and the loan amount is $\geq 1,000$ (\$1 million), then loan amount should be < 5 times the income.	Loan amount exceeds five times the income
Q002	Loan Amount (Column F)	Loan amount should be $< \$1$ million	Loan amount reported is greater than or equal to \$1 million
Q003	Loan Type (Column C)	If loan type = 2 and loan purpose = 1, 2, or 3, then loan amount should be ≤ 300 (\$300 thousand).	Loan type = 2 and loan amount not ≤ 300 (\$300 thousand)
Q004	Loan Type (Column C)	If loan type = 3 and loan purpose = 1, 2, or 3, then loan amount should be ≤ 300 (\$300 thousand).	Loan type = 3 and loan amount not ≤ 300 (300 thousand)
Q005	Loan Type (Column C)	If type of purchaser = 1 or 3 and loan purpose = 1, 2, or 3, and loan type = 1 and action type = 1 or 6, then loan amount should be ≤ 400 (\$400 thousand).	Type of purchaser = 1 or 3 and loan amount not ≤ 400 (400 thousand)
Q006	Loan Purpose (Column D)	If loan purpose = 1, and action taken type = 1, then the total number of these loans should be $\leq 95\%$ of the total number of home purchase loan applications.	Total number of home purchase loan applications with an action code of 1 is $> 95\%$ of the total number of home purchase loan applications

<u>EDCK</u>	<u>Transaction Item(s)</u>	<u>Edit Test</u>	<u>Error Explanation</u>
Q007	Action Taken - Type (Column G)	If action taken type = 2, then the total number of these loans should be \leq 15% of the total number of loan applications.	Total number of loan applications with an action code of 2 is $>$ 15% of the total number of loan applications
Q008	Action Taken - Type (Column G)	If action taken type = 4, then the total number of these loans should be \leq 30% of the total number of loan applications.	Total number of loan applications with an action code of 4 is $>$ 30% of the total number of loan applications
Q009	Action Taken - Type (Column G)	If action taken type = 5, then the total number of these loans should be \leq 15% of the total number of loan applications.	Total number of loan applications with and action code of 5 is $>$ 15% of the total number of loan applications
Q011	Total Number of Applications	If current or previous year's total number of applications is \geq 500, then the current year should be within (+ or -) 25% of the previous year's total.	Total number of applications for current year not within (+ or -) 25% of the previous year's total
Q012	Asset Size	If assets are $>$ \$30 million and (action taken type = 1, 2, 3, 4, 5, and loan purpose = 1 or 2), then applicant race, applicant sex, or income should not = NA or their code equivalents.	Race, sex, and income should not = 8, 4, or NA, respectively.
Q013	Loan Purpose (Column D)	If loan purpose = 4, then loan amount should be in the range of \$100 thousand and \$10 million.	Loan amount is not within the expected range of \$100 thousand and \$10 million
Q014	Income (Column Q)	If income is numeric, then income should be $<$ \$1 million.	Income is numeric and \geq \$1 million

<u>EDCK</u>	<u>Transaction Item(s)</u>	<u>Edit Test</u>	<u>Error Explanation</u>
Q015	Loan Purpose (Column D)	If loan purpose = 4, then the total number of these loans should be < 10% of all loan applications and < 10% of the total <u>dollar</u> amount of all loan applications reported.	Multi-family loan applications should not be \geq 10% of total loan applications or \geq 10% of the total dollar amount of the loan applications
Q016	Total number of loan applications	The number of loan applications that report income < \$10,000 should be \leq 25% of total loan applications	Total number of loan applications that reported income < \$10,000 is > 25% of total loan applications
Q022	Date Application Received (Column B)	Date application received should be \geq (activity year minus 2)	Date application received is not \geq (activity year minus 2)
Q023	MSA (Column I)	The number of loan applications that report MSA = NA should be \leq 30% of the total number of loan applications	The number of applications reporting MSA = NA are > 30% of the total number of loan applications
Q024	Income (Column Q)	If income is numeric, then income should be > \$9 thousand	Income reported is numeric and less than or equal to \$9 thousand.

<u>DECK</u>	<u>Transaction Item(s)</u>	<u>Edit Test</u>	<u>Error Explanation</u>
Q595 @@	MSA Number (Column I)	If Action taken type = 1, 2, 3, 4, 5 then MSA must equal a corresponding respondent/MSA combination on respondent panel, or NA.	Respondent/MSA combination not on respondent panel

@@ NOTE: This edit is not applied to mortgage banking subsidiaries. Their MSAs will be determined at the end of the cycle based on the data reported. For depository institutions, this edit will produce the Q595 report but will not be counted in any error statistics.